

## Message Text

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PAGE 01 WELLIN 02451 280650Z  
ACTION EB-07

INFO OCT-01 EUR-12 EA-09 IO-14 ISO-00 SP-02 USIA-15  
AID-05 NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01  
CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NEA-10  
NSAE-00 OPIC-06 LAB-04 SIL-01 AGRE-00 PA-02 PRS-01  
/125 W

-----106841 280655Z/14

R 272127Z JUN 77  
FM AMEMBASSY WELLINGTON  
TO SECSTATE WASHDC 3470  
INFO USMISSION GENEVA  
AMEMBASSY PARIS

UNCLAS WELLINGTON 2451

USMTN  
USOECD

E.O. 11652: NA  
TAGS: EALR EFIN ETRD NZ  
SUBJ: MAY OVERSEAS EXCHANGE TRANSACTIONS RACK UP BIG CURRENT  
ACCOUNT DEFICIT

REF: WELLINGTON 2115

1. AS ANTICIPATED IN LAST MONTH'S RESERVE BANK RELEASE, THE  
OVERSEAS EXCHANGE TRANSACTIONS (OET) FOR MAY SWUNG INTO A DEFICIT  
OF \$43 MILLION. THIS FOLLOWS A SURPLUS OF \$7 MILLION FOR APR.  
IN MAY 1976 THE DEFICIT WAS \$34 MILLION.

2. INCREASED IMPORTS (\$287 MILLION) AND INVISIBLES  
PAYMENTS (\$155 MILLION) OFFSET GREATER EXPORT RECEIPTS (\$340  
MILLION) AND OTHER CURRENT RECEIPTS (\$60 MILLION) FOR MAY, THOUGH  
ON THE TRADE TRANSACTIONS ALONE, THERE WAS A SURPLUS OF \$52  
MILLION DURING THE MONTH.

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EM THE NET CAPITAL INFLOW FOR THE MONTH WAS \$102 MILLION  
MADE UP MOSTLY OF \$88 MILLION IN GOVERN BORROWING (FROM  
WEST GERMANY) AND \$46 MILLION IN PRIVATE CAPITAL RECEIPTS  
ON THE CREDIT SIDE AND A CAPITAL OUTFLOW OF SOME \$32 MILLION.

4. FOR THE YEAR ENDING MAY 1977, THE CURRENT ACCOUNT  
DEFICIT WAS \$549 MILLION, \$172 MILLION LESS THAN THE \$721

MILLION FOR MAY 1976 YEAR. THE INVISIBLES TRANSACTIONS DEFICIT OF \$680 MILLION (\$686 MILLION IN RECEIPTS AND \$1,366 MILLION IN PAYMENTS) WAS OVER FIVE TIMES THE \$131 MILLION TRADE SURPLUS. EXPORT RECEIPTS REACHED \$3,256 MILLION WHILE IMPORT PAYMENTS TOTALLED \$3,126 MILLION.

5. THOUGH THE GROWTH RATE IN EXPORT RECEIPTS FOR THE 12 MONTHS ENDING MAY WAS STILL AN IMPRESSIVE 36 PCT, THE RATE IS TAPERING OFF. RECEIPTS FOR WOOL (\$697 MILLIONS VS \$469 MILLION FOR THE MAY 1976 YEAR), MANUFACTURED EXPORTS (\$478 MILLION VS \$341 MILLION FOR THE MAY 1976 YEAR) AND DAIRY PRODUCTS (\$586 MILLION VS \$458 MILLION) CONTRIBUTED MOST TO THE INCREASE IN RECEIPTS.

6. THE INCREASE IN IMPORT PAYMENTS WAS 17 PERCENT.

7. THE INVISIBLES DEFICIT IS STILL INCREASING. INVISIBLES RECEIPTS INCREASED 13 PERCENT WHILE PAYMENTS JUMPED 31 PERCENT.

8. CAPITAL ACCOUNT TRANSACTIONS (INCLUDING \$60 MILLION IMF DRAWINGS) ENDED WITH A NET INFLOW OF \$597 MILLION. THE PRIVATE SECTOR ACCOUNTED FOR A NET OF \$221 MILLION. OFFICIAL FOREIGN EXCHANGE RESERVES AT THE END OF MAY STOOD AT \$830.2 MILLION.  
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## Message Attributes

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**Channel Indicators:** n/a  
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**To:** STATE  
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Margaret P. Grafeld  
Declassified/Released  
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